

THRESHOLD REQUIREMENTS
Full text from NOFA
HUD NATIONAL DISASTER RESILIENCE COMPETITION

Appendix G

Most Impacted and Distressed and Unmet Recovery Needs Threshold Criteria and Instructions

To be rated and ranked, all Applicants and applications must meet all threshold requirements of this NOFA. Threshold requirements include the statutory mandate¹ that the proposed program or project meet an Unmet Recovery Need in a most impacted and distressed area resulting from a Qualified Disaster (See Appendix B for a list of Qualified Disasters). This document identifies the required Phase 1 and Phase 2 demonstrations that applicants must submit to satisfy these thresholds.

Public Law 113-2 requires that HUD make allocations based on “best available data” to State and local governments. HUD has determined that the data available for the earliest disasters, in particular, no longer credibly represents additional current unmet recovery needs, but no other reasonably current data sources common to all possible eligible jurisdictions exists. HUD decided that a competition framework would elicit the best data to inform allocations and ensure that the unmet disaster recovery and revitalization needs of communities around the country are appropriately considered.

The “most impacted and distressed” and “Unmet Recovery Needs” threshold requirements, as described below, are designed to facilitate the maximum participation, allowable by law, of communities across the country. Note that CDBG-NDR funded activities must address unmet needs in a most impacted and distressed area; however, the benefit does not have to be exclusive to that area. While co-benefits may accrue to neighboring areas, Applicants must identify leveraging funds to pay for costs attributable to any portion of a proposed mitigating action that is not for the purpose of meeting an Unmet Recovery Need in the most impacted and distressed area resulting from a Qualified Disaster because such costs cannot be charged to a CDBG-NDR grant.

I. Threshold Submission Requirement

- A. Phase 1. Applicants must meet the threshold requirement with a Phase 1 submission. We anticipate that your Phase 1 response addressing Unmet

¹ From Public Law 113-2, “For an additional amount for Community Development Fund, \$16,000,000,000, to remain available until September 30, 2017, for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) due to Hurricane Sandy and other eligible events in calendar years 2011, 2012, and 2013 for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.)” . . . Provided further, That funds provided under this heading may not be used for activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency or the Army Corps of Engineers. . . Provided further, That as a condition of making any grant, the Secretary shall certify in advance that such grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155):”

Recovery Needs and most impacted and distressed requirements will be approximately 5 pages.

1. For Phase 1, each applicant must submit in its Exhibit B narrative response, together with responses to other threshold requirements identified in Section III.C.3. of the CDBG-NDR NOFA, a narrative submission that addresses each of the requirements explained below in Sections II. and III. of this Appendix.

Although your narrative submission must be included within the page limit for the Phase 1 submission, your narrative submission may summarize required support data rather than including the data in its entirety. If you choose to summarize the data, your narrative must provide HUD a link to publicly available data from a reputable source, or you may provide a password-protected link to access other data stored on a cloud storage service such as Dropbox, Google Drive, Microsoft OneDrive, Box, or Bitcasa. In either case, include the link in your narrative. You may email the password for any cloud storage link to ResilientFuture@hud.gov. Include Applicant's name in the Subject line of the email. Include Applicant's name, a contact person's name and telephone number, and a list of the relevant filenames in the body of the email.

2. The Phase 1 Exhibit B narrative response also must identify, **by place name and/or Census Tract code**, the subject target area(s) that is most impacted and distressed resulting from a Qualified Disaster.
- B. Phase 2. Your Phase 1 submission will still be sufficient to demonstrate that your application meets the basic NOFA threshold requirements. For Phase 2, you will update the Unmet Recovery Need and most impacted and distressed submission, as necessary. HUD will award more points to a more accurate, detailed, and robust description that addresses the criteria in Phase 2 Factor 2. You may reference specific portions of your Phase 1 submission in your Phase 2 submission rather than repeating information previously provided. You may also provide links to data, as above.
- C. To meet the threshold requirements, you only need to demonstrate that one area is most impacted and distressed and has Unmet Recovery Need. HUD encourages you to consider resilience in a wider area, such as in other most impacted and distressed areas, regionally, or statewide. If you want to use CDBG-NDR funds in an additional area, you must identify the area(s) and demonstrate how it meets the most impacted and distressed area thresholds covered in this Appendix. HUD prefers that you make this demonstration during Phase 1. If you add a most impacted and distressed target area(s) in Phase 2, HUD will expect your Factor 2 and Factor 3 submissions to specifically address how the residents and stakeholders of the additional area participated in the Phase 1 framing and

consultation processes. HUD anticipates that the Phase 2 narrative response to address the Unmet Recovery Needs and most impacted and distressed requirements will be approximately 10 pages.

II. Demonstrating Most Impacted and Distressed Threshold

Each of the elements of the “most impacted and distressed” definition must be addressed in Exhibit B narrative response (including links to data, as required below).

For this competition, “most impacted and distressed” is defined as either:

- A. A County that was previously determined by HUD to be most impacted (see <http://www.HUDUSER.org/CDBGRDR/AppendixA>); **OR**
- B. A sub-county area (census designated place, tribal area, or census tract) within a county declared by the President to be a major disaster area under the Stafford Act for a disaster event occurring in calendar years 2011, 2012, or 2013 (see <http://www.HUDUSER.org/CDBGRDR/AppendixB>) that meets at least one Most Impacted Characteristic **AND** one Distressed Characteristic, as demonstrated in the application (applicants may include more than one characteristic):
 - 1. Most Impacted Characteristics considers the damage resulting from the Qualified Disaster (choose at least one for threshold purposes) :
 - (a) Housing. A concentration of housing damage in a sub-county area due to the eligible disaster causing damage to either a minimum of 100 homes or serious damage to a minimum of 20 homes. Appendix C provides a list of disasters with concentrations of housing damage meeting this requirement. Applicants may also submit local data, provided a) the data show concentrated damage meeting this standard, and b) HUD agrees with the validity of the data (see <http://www.HUDUSER.org/CDBGRDR/AppendixC> that shows 741 Census Tracts and 257 Places that meet this standard outside of the already determined most impacted counties.)
 - (b) Infrastructure. Damage to permanent infrastructure (i.e. [FEMA Category C to G](#)) in a sub-county area estimated at \$2 million or greater. Applicants must provide either an engineering report with an estimated repair amount along with a sources and uses statement for the project showing the funding shortfall (total repair costs can include the extra cost to repair this infrastructure resiliently) or other evidence of an estimate of expenditures to make repairs that support this claim.
 - (c) Economic Revitalization. A disaster in a sub-county area causing significant employment loss and extended harm to the local economy.

Applicants must briefly demonstrate employment loss (a one percentage point or greater higher local unemployment rate in the impacted area six to 12 months after a disaster compared to the same month in the year prior to the disaster in that area; or specific information that 50 or more people were no longer employed in or near the most impacted area for six months or longer due to the disaster) or other harm to the economy and describe how it stems from the Qualified Disaster (applicant may support a short description with local data or surveys).

- (d) Environmental Degradation that threatens long-term recovery of critical natural resources and places housing, infrastructure, and/or economic revitalization at risk. A disaster resulting in significant degradation to the environment putting the housing, infrastructure, and/or economic drivers in the area and nearby areas in great harm for a future disaster. Examples include a fire destabilizing a watershed creating flood risk downstream or threatening economic revitalization by harming recreational activities that support to local economies; damage to stream beds from a severe flooding event damaging a containment dike or dam increasing risk of more flood damage to property; damage to wetlands or barrier islands from a Hurricane reducing protection from future Hurricanes or harming local economies such as fishing and eco-tourism. Applicants must describe the damage and support with references to any studies supporting the claim of future risk.
2. Distressed Characteristics considers stress or deficit factors prior to the Qualified Disaster that research and experience indicate result in greater disaster impact or more costly and difficult recovery and revitalization (choose one or more):
- (a) Disaster impacted low- and moderate-income households. More than 50 percent of the people in the target area are at less than 80 percent of median income (grantees may use CDBG low-and moderate-income summary data areas to demonstrate this characteristic- see www.HUDUSER.org/CDBGRDR/AppendixD.)
 - (b) Loss/shortage of affordable rental housing. There is a severe shortage of affordable rental housing (there are a minimum of 100 renters with income less than 50 percent of median in a target area AND 60 percent or more of these have a severe housing problem - paying more than half their income for rent, overcrowded, or without kitchen or plumbing based on 2007-11 ACS data provided by HUD) or as a result of the effects of the disaster there is a new high risk of damage to more than 100 assisted rental housing units from a future event the intended intervention would protect against. Applicants must provide a 1-2 paragraph description, with supporting data, to demonstrate this

characteristic.

- (c) Disaster impacted a federal target area or economically fragile area. The affected area is a tribal area, contains a [Promise Zone](#), is in a [Strong Cities Strong Communities](#) site, and/or has an unemployment rate more than 125 percent of the national average unemployment rate. Applicants must demonstrate this characteristic and provide supporting documentation.
- (d) Disaster impacted an area with prior documented environmental distress. The affected area contains a contaminated property cleaned, undergoing cleanup, or proposed for cleanup. States maintain a list of “brownfield” sites, many of which are linkable via this source:
http://www.epa.gov/brownfields/state_tribal/state_map.htm. Applicants must demonstrate the prior documented environmental distress.

III. Demonstrating Unmet Recovery Needs Threshold Requirement

To meet the Unmet Recovery Need threshold requirement, the applicant must submit an Exhibit B narrative that demonstrates, with the criteria described in A or B below, that the applicant has Unmet Recovery Needs in the area(s) identified as “most impacted and distressed” that have not been addressed by other sources. Other sources include but are not limited to insurance, state and local funds, SBA disaster loans, FEMA, Army Corps of Engineers, non-profit contributions, or prior allocations of CDBG funds.

Applicants may choose to submit information separately quantified for each of the areas identified as “most impacted and distressed” in which the applicant wishes to expend grant funds; however, Unmet Recovery Needs information aggregated for all identified most impacted and distressed areas will also be accepted for threshold purposes. Note that, for construction projects or programs you may include the reasonable extra costs related to implementing the project or program in a prudent, resilient manner. Also, you only need to respond to the minimum requirements for threshold purposes, but for purposes of responding fully to the Phase 1 and Phase 2 factors in the NOFA, you must identify and demonstrate all Unmet Recovery Needs you intend to use CDBG-NDR funds to address.

A. Applicants with a previous allocation of CDBG Disaster Recovery funds in response to major disasters in 2011, 2012 or 2013 need to provide information that meets a minimum of one of the following items:

1. *Housing.* Are prior CDBG-DR funding allocations, together with other funding sources, inadequate for addressing remaining housing repair needs in the most impacted and distressed target area(s)? If no, you do not have Unmet Recovery Needs for this subfactor. If yes:

Indicate the number of households that would continue to be displaced or homes or rental units that will not be served by existing programs due to inadequate funding. (Twenty or more households displaced by the disaster and/or homes still damaged by the disaster must be documented to meet this requirement.)

Acceptable data sources (any one of these is sufficient for threshold purposes):

- (a) If you are running a CDBG-DR or other recovery housing program, an analysis that shows that the program waiting list and a reasonable estimate average unmet repair needs (after insurance, FEMA, SBA) exceeds the existing CDBG-DR funds available. (Total repair costs can include the reasonable extra cost to buyout homes or repair homes resiliently, e.g., extra cost to elevate or build a safe room.)
- (b) If not running a CDBG-DR or other recovery housing program currently, *briefly explain why prior allocations of CDBG-DR funding, together with other funding sources, are inadequate* to provide a housing program **AND**:
 - i. Recent emergency management data indicating households are still displaced from the disaster. This might include information from FEMA on number of households still receiving emergency rental assistance or living in a FEMA Transitional Housing Unit. This could also include information from homeless providers indicating that they are still serving households that lost their housing due to the disaster; **OR**
 - ii. A methodologically sound “windshield” survey of the impacted area conducted since January 2014. A list of 20 addresses needs to be provided to HUD of units identified with remaining damage. A survey of at least 9 of these addresses confirming (i) the damage is due to the disaster and (ii) they have inadequate resources from insurance/FEMA/SBA for completing their repairs. Statistical accuracy is not required, so this can be a purposive sample of easy-to-contact residents.
- 2. *Infrastructure.* Is there damage to permanent public infrastructure (i.e. [FEMA Category C to G](#)) that has not yet been repaired due to inadequate resources (and for which no CDBG-DR funding has been identified in an action plan), in or serving the most impacted and distressed target area(s)? If no, then you do not have Unmet Recovery Needs for this subfactor. If yes:

Describe the project(s), the location of the project(s) relative to the most impacted and distressed target area(s), the amount of funding required to complete the project(s), and reason there are inadequate funds. There must be a minimum of \$400,000 in unfunded permanent infrastructure repair needs to meet this requirement, this “unfunded” amount can include the local match requirement for FEMA Public Assistance or Department of Transportation permanent infrastructure projects. If you include the amount of cost share for a

U.S. Army Corps of Engineers project, note that no more than \$250,000 of CDBG-DR or CDBG-NDR may be used for such a cost share (per project). This is not waivable.

Acceptable data source: An engineering report with an estimated repair amount along with a sources and uses statement for the project showing the funding shortfall (total repair costs may include the extra cost to repair this infrastructure resiliently). In addition, your explanation of why existing CDBG-DR resources, together with other funding sources, are inadequate to meet this repair need.

3. *Economic Revitalization.* Are there continuing unmet economic revitalization recovery needs due to the disaster in the most impacted target area that cannot be addressed with existing resources, including CDBG-DR funds already allocated? If no, you do not have Unmet Recovery Need for this subfactor. If yes:

Describe the extent of those needs and how the needs are connected with the disaster and the most impacted target area. Any one of the following, together with a narrative statement describing how the need results from the impacts of the disaster, would satisfy this requirement: (i) a minimum of 5 businesses with remaining repair needs; (ii) business revenues continued to be decreased by 10 percent or more relative to revenues prior to the disaster for one or more modest sized employers (10 or more employees) due to the disaster OR three or more smaller businesses show revenues 10 percent less than prior revenues.

Acceptable data source (any one of these is sufficient for threshold purposes) HUD recognizes that information related to specific businesses may be sensitive, so is explicitly noting that you may submit documentation for this factor via a password-protected data link, as described above. Clearly label any sensitive information and HUD will limit disclosure of covered information as required by federal FOIA requirements. HUD is requiring submission of this information to ensure use of the best available data, as opposed to simple assertion.

A narrative from the Applicant must describe how the need results from the impacts of the disaster based on:

- (a) Unmet repair needs for businesses: “Windshield” survey showing a minimum of 5 businesses with remaining repair needs AND a survey of 5 business owners confirming damage due to the disaster and repairs not completed due to not receiving adequate resources from insurance and (if applicable) other federal funds including CDBG, CDBG-DR, and/or SBA funds. Addresses of businesses with continuing needs must be provided.
- (b) Decreased revenues for business(es): Analysis by a reputable public or private source showing continuing economic damage to the target area due to the disaster or a survey of business(es) who provide (i) number of employees before storm and current; (ii) total gross revenues in year before disaster and

total gross revenues in most recent year; and (iii) a description of how the reduction in revenues is related to the disaster. To meet this criteria – one modest size employer (10 or more employees) or three smaller businesses (fewer than 10 employees) must show most recent year total gross revenues of 10 percent less than the year before the disaster and there needs to be a clear connection to the disaster. Names and addresses of impacted businesses must be provided.

4. *Environmental Degradation that threatens long-term recovery of critical natural resources and places housing, infrastructure, and/or economic revitalization at risk.* Is there environmental damage from the disaster that has not yet been addressed and cannot be addressed with existing resources? If not, you do not have Unmet Recovery Needs for this subfactor. If yes:

Describe the remaining damage and how the damage is connected with the disaster and the most impacted target area. Applicants must describe the remaining damage with a cost estimate for making repairs that is \$400,000 or greater and support with references to any studies supporting the claim.

Acceptable data source (any one of these) is a detailed report from a reputable public or private organization describing the remaining damage with a certification after March 2014 indicating that there is remaining damage of \$400,000 or more.

B. Applicants without a previous allocation of CDBG Disaster Recovery funds in response to major disasters in 2011, 2012 or 2013 must provide information that meets a minimum of one (1) of these items:

1. *Housing.* Are households still displaced from housing due to the disaster or are there housing units in or near the impacted area that were damaged by the disaster and have not yet been repaired? If no, you do not have Unmet Recovery Needs for this subfactor. If yes:

Indicate the number of households still displaced or homes with remaining repair needs. Twenty or more displaced households and/or still damaged homes must be documented to meet this requirement.

Acceptable data sources (any one of these is sufficient for threshold purposes):

- (a) Recent emergency management data indicating households are still displaced from the disaster. This might include information from FEMA on number of households still receiving emergency rental assistance or living in a FEMA Transitional Housing Unit. This could also include information from homeless providers indicating that they are still serving households that lost their housing due to the disaster.

- (b) A methodologically sound “windshield” survey of the impacted area conducted since January 2014. A list of addresses needs to be provided to HUD of units identified with remaining damage. A survey of 9 of these addresses confirming (i) the damage is due to the disaster and (ii) they have inadequate resources from insurance/FEMA/SBA for completing their repairs. Statistical accuracy is not required, so this can be a purposive sample of easy to contact residents.
2. *Infrastructure.* Is there damage to permanent public infrastructure (i.e. [FEMA Category C to G](#)) that has not yet been repaired due to inadequate resources in or serving the most impacted target area? If no, you do not have Unmet Recovery Needs for this subfactor. If yes:

Describe the project(s), the location of the project(s) relative to the most impacted and distressed target area, the amount of funding required to complete the project(s), and reason there are inadequate funds. There must be a minimum of \$400,000 in unfunded permanent infrastructure repair needs to meet this requirement, this “unfunded” amount can include the local match requirement for FEMA Public Assistance or Department of Transportation permanent infrastructure projects. If you include the amount of cost share for a U.S. Army Corps of Engineers project, note that no more than \$250,000 of CDBG-DR or CDBG-NDR may be used for such a cost share (per project). This is not waivable.

Acceptable data source: An engineering report with an estimated repair amount along with a sources and uses statement for the project showing the funding shortfall (total repair costs may include the extra cost to repair this infrastructure resiliently).

3. *Economic Revitalization.* Are there continuing unmet economic revitalization recovery needs due to the disaster in or near the most impacted target area? If no, you do not have Unmet Recovery Needs for this subfactor. If yes:

Describe the extent of those needs and how the needs are connected with the disaster and the most impacted target area. Any one of the following, together with a narrative statement describing how the need results from the impacts of the disaster, would satisfy this requirement: (i) a minimum of 5 businesses with remaining repair needs; (ii) business revenues continued to be depressed by 10 percent or more relative to revenues prior to the disaster for one or more modest sized employers (10 or more employees) due to the disaster OR three or more smaller businesses show revenues 10 percent less than prior revenues.

Acceptable data source (any one of these is sufficient for threshold purposes): HUD recognizes that information related to specific businesses may be sensitive, so is explicitly noting that you may submit documentation for this factor via a password-protected data link, as described above. Clearly label any sensitive information and HUD will limit disclosure of covered information as required by

federal FOIA requirements. HUD is requiring submission of this information to ensure use of the best available data, as opposed to simple assertion.

A narrative from the Applicant must describe how the need results from the impacts of the disaster based on:

- (a) Unmet repair needs for businesses: “Windshield” survey showing a minimum of 5 businesses with remaining repair needs AND a survey of 5 business owners confirming damage due to the disaster and repairs not completed due to not receiving adequate resources from insurance and (if applicable) other federal funds including CDBG, CDBG-DR, and/or SBA funds. Addresses of businesses with continuing needs must be.
 - (b) Decreased revenues for business(es): Analysis by a reputable public or private source showing continuing economic damage to the target area due to the disaster or a survey of business(es) who provide (i) number of employees before storm and current; (ii) total gross revenues in year before disaster and total gross revenues in most recent year; and (iii) a description of how the reduction in revenues is related to the disaster. To meet this criteria – one modest size employer (10 or more employees) or three smaller businesses (fewer than 10 employees) must show most recent year total gross revenues of 10 percent less than the year before the disaster and there needs to be a clear connection to the disaster. Names and addresses of impacted businesses must be provided.
4. *Environmental Degradation that threatens long-term recovery of critical natural resources and places housing, infrastructure, and/or economic revitalization at risk.* Is there environmental damage from the disaster that has not yet been addressed and cannot be addressed with existing resources? If no, you do not have Unmet Recovery Needs for this subfactor. If yes:

Describe the remaining damage and how the damage is connected with the disaster and the most impacted target area. Applicants must describe the remaining damage with a cost estimate for making repairs that is \$400,000 or greater and support with references to any studies supporting the claim.

Acceptable data source (any one of these) is a detailed report from a reputable public or private organization completed since June 2013 describing the remaining damage with a certification after March 2014 indicating that there is remaining damage of \$400,000 or more.